

**Division 75: Finance, \$492 268 000 —**

Ms W.M. Duncan, Chairman.

Mr D.C. Nalder, Minister for Finance.

Ms A. Nolan, Director General.

Mr R. Alderton, Executive Director.

Mr W.R. Sullivan, Acting Deputy Director General, Building Management and Works.

Ms N. Suchenia, Acting Commissioner of State Revenue.

Ms S. Harris, Acting Executive Director, Corporate Services.

Mr L.M. Carren, Director, Finance and Business Services.

[Witnesses introduced.]

**The CHAIRMAN:** Member for West Swan.

**Ms R. SAFFIOTI:** My question relates to service 4 under “Services and Key Efficiency Indicators” on page 851, which looks at the government accommodation strategy. Can the minister provide justification for breaking the government’s promise to move an agency to Stirling? Can I also get an update on the government’s plan on moving government accommodation of, I think, Housing and Works, to Fremantle, and the other commitment regarding, as I recall, moving to Joondalup?

**Mr D.C. NALDER:** We talked about shifting agencies out when the member raised it in a question in the house. It will be subject to financial analysis, although we have a desire and a commitment to relocate out into key areas. We have relocated the Department of Commerce. We had space available at Cannington, and it was a prudent economic decision to relocate the Department of Commerce to that space. We believe that is the right thing to have done. We have taken 6 500 square metres of space in Stirling to relocate the Department of Transport and one of the licensing centres there. We have done something, although, admittedly, that is about one-third of the size of what the Department of Commerce would have been. We are investigating what may be prudent in shifting a number of agencies. The financial circumstances have changed in that the lease costs in the centre of Perth have fallen, and that has made it challenging. We have a desire to continue to relocate out towards Fremantle, to Joondalup, to Midland and so forth, but we can do so only when it is financially prudent. That is the challenge we face. We are in discussion with various departments about what we might be able to do, and those discussions will be ongoing.

**Ms R. SAFFIOTI:** Is the minister still committed to moving the Department of Housing to Fremantle, or is it subject to further economic analysis?

**Mr D.C. NALDER:** As with all these moves, they will always go through an individual analysis. With regard to the Department of Housing going to Fremantle specifically, my understanding is that the department is not keen to proceed down that path. There is a challenge around the financial analysis on that one, but we are looking across a number of departments to see where we can relocate out of the city area.

**Ms R. SAFFIOTI:** In relation to the economics of it, basically, leasing costs in the metropolitan area have stabilised, so have the financial projections that were part of the government’s accommodation strategy that was released a number of years ago completely changed because of the leasing costs in Perth?

**Mr D.C. NALDER:** I have been advised that leasing costs have come down in the centre of Perth, so it is impacting on the analysis that was undertaken earlier. We understand also that there are different public economic drivers, not just financial drivers. We still see that it is possible that we can potentially relocate some departments, but it requires further work.

**Mr G.M. CASTRILLI:** I refer to the details of administered transactions and the grants and subsidies that appear under the heading “Expenses” on page 859. I am looking at the payroll tax rebate schemes line item. Could the minister please provide us with an update on that scheme?

**Ms R. SAFFIOTI:** Which one?

**Mr D.C. NALDER:** It on page 859.

**Mr G.M. CASTRILLI:** It is the payroll tax rebate schemes, which is about the fifth line item under the heading “Expenses”.

**Mr D.C. NALDER:** The payroll tax rebate was implemented to assist small businesses, recognising that their success is crucial to the economic and social wellbeing of all Western Australians. Since 2009–10, more than \$200 million in payroll tax has been returned to small businesses via two payroll tax rebates. The first rebate was implemented in 2009–10, returning around \$100 million to small business. The second payroll tax rebate was introduced for the 2012–13 tax year and is being paid in the 2013–14 tax year. Employers that pay Australia-wide wages up to \$1.5 million were eligible to apply for a one-off rebate to fully offset their 2012–13 payroll tax liabilities. The maximum amount of rebate on wages of \$1.5 million was \$41 250. The rebate was phased down for employers that pay wages between \$1.5 million and \$3 million, or the pro rata equivalent of not paying wages for the full financial year. The appropriation for the one-off small business payroll tax rebate for 2012–13 was \$127.6 million. The first 2012–13 rebates were paid to eligible employees on 5 August 2013. As at 14 April 2014, the Office of State Revenue had paid 7 389 rebates to small businesses; of these, over 2 500 small businesses received assistance in excess of \$20 000. The value of payments made as at 14 April is around \$111 million. Fifty-three taxpayers may still be eligible for the 2013–14 rebate but have not yet received it. This primarily relates to taxpayers whose liabilities are the subject of an outstanding audit.

The Liberal–National government is proud to support small business, and I think it has been a fantastic initiative. It is something that we would like to continue looking at. The 2014–15 budget also includes measures to increase the payroll tax exemption threshold to \$800 000 as at 1 July 2014. This will be increased again to \$850 000 on 1 July 2016. The increase in payroll tax exemption thresholds is estimated to benefit over 16 000 employers, at a total cost of about \$121 million over the three years from 2014–15 to 2016–17.

**Mr M.P. MURRAY:** A previous question was asked about the planning and delivery of projects and office accommodation, as set out on page 851.

**The CHAIRMAN:** Do you have a page and line item, member for Collie–Preston?

**Mr M.P. MURRAY:** It is under the planning, delivery, management and maintenance of projects on page 851. What lands have been identified and bought for the relocation of a government agency to the Bunbury region, which was a fully costed and funded election campaign promise?

[9.40 pm]

**Mr D.C. NALDER:** I will refer to Mr Sullivan, if I could, please.

**Mr W.R. Sullivan:** On 13 February last year the government announced its intention to split the Department of Environment and Conservation into two agencies, as the member is probably aware—the Department of Environment Regulation and the Department of Parks and Wildlife—and to provide funding for a new DPaW headquarters building in Bunbury. In terms of interaction with the Department of Finance’s building management and works, DPaW recently re-engaged with us to seek assistance in planning for the new facility in Bunbury. In its budget there is funding of \$250 000 that has been allocated to DPaW as part of the 2014–15 budget process, with a view to securing royalties for regions funding in the future. The department will be commencing work with it, basically, next week in relation to that. A decision is yet to be made on the final site for the facility, but based on the original scope, the first stage of the DPaW headquarters building is expected to include office accommodation, scientific facilities and education facilities, including a school group–friendly theatre. It is going to be quite a substantial building. It is expected to accommodate about 120 staff, with the potential for future stages to accommodate other staff groups. We are working with DPaW to further scope the project at the moment to ensure that those requirements are still valid.

**Mr M.P. MURRAY:** Having heard that, there has certainly been some very strong debate in the Bunbury area about the location. What public consultation has taken place in this area?

**Mr D.C. NALDER:** I will refer to Mr Sullivan.

**Mr W.R. Sullivan:** I am unclear in relation to the extent of consultation. I know there was certainly consultation with various agencies regarding their relocation to Bunbury, but in terms of the actual location of the site to be chosen I am unclear on that.

**Mr D.C. NALDER:** Is the member asking about the site or the people?

**Mr M.P. MURRAY:** No, with people—the consultation with the community side of things. With due respect to the Chair and the minister, I will change my question slightly: will there be public consultation with the community and the departments about the location of this department?

**Mr D.C. NALDER:** Again, I am not sure at this stage at what point the consultation that has been conducted is at. I would like to think there would be consultation with the community, but I do not know how broad that

should be; I would imagine that the City of Bunbury would be consulted as part of the process. I am unclear at this point how much more broadly that should be undertaken, but I am happy to take it up with the member offline.

**Mr M.P. MURRAY:** Will the local member be asked?

**Mr G.M. CASTRILLI:** Further to that question, minister, to what extent is public consultation undertaken of the location of any government department in Western Australia?

**Mr D.C. NALDER:** At this point in time, not any.

**Mr G.M. CASTRILLI:** I just make the point. But I am hoping that there will be consultation with the local member!

**Mr D.C. NALDER:** From my perspective, I think engagement with the broader community is important, and I would like to see those sorts of things undertaken. At the same time, it must be a commercial decision so that we find the right financial outcome, and therefore when we are identifying sites and negotiating, they are often kept confidential for the purposes of lease negotiations et cetera. The extent to which we wish to engage with the broader Bunbury community as to how we might approach it is one thing, but it is highly unlikely that we would undertake that level of consultation about the specifics such as the site location.

**Mr P.B. WATSON:** If the minister comes to Albany, he will not have any problems at all.

**Ms R. SAFFIOTI:** My question relates to the review of land tax committed to by the former Minister for Finance last year. I think I asked a question about primary producers.

**The CHAIRMAN:** Member, can you identify a line item for us, please?

**Ms R. SAFFIOTI:** I refer to “Revenue Assessment and Collection, and Grants and Subsidies Administration” on page 850 of the *Budget Statements*. Basically, this involves the Department of Finance, and obviously State Revenue collects land tax. The former minister said that a land tax review would be undertaken and put out for public consultation. I am slightly confused about the process for that review. Has the review been undertaken, and what is the actual process for this review?

**Mr D.C. NALDER:** I will answer the question as best I can, and then pass to Nicki if I have not covered it clearly enough. On 7 May 2014, the government announced its intention to modernise the land tax primary production exemption. Following targeted consultation with relevant industry groups and interested persons scheduled for June–July 2014, it is intended that draft legislation to implement these reforms will be introduced into Parliament in the second half of 2014. The new arrangements would then apply from the 2014-15 land tax assessment year. That is the information I have at hand on that.

**Ms R. SAFFIOTI:** Does the minister expect to have the legislation passed before land tax assessments are issued, which is in about September or October?

**Mr D.C. NALDER:** That is correct.

**Ms R. SAFFIOTI:** What amount has been included in the budget for the outcome of the review?

**Mr D.C. NALDER:** I will pass to Nicki.

**Ms N. Suchenia:** The estimated cost of the land tax primary production amendments has not been included in the budget papers at this stage, but that information will be tabled as part of the legislation when it is brought into Parliament.

**Ms R. SAFFIOTI:** When the review was announced last year by the minister, the implication was that it was going to be a wider review of land tax, but does the review basically narrowly look at the primary producer exemption?

**Mr D.C. NALDER:** My understanding is that it is the primary producer exemption. I am not aware of any further detail than that at the moment.

**Mr M.J. COWPER:** I refer to the second dot point under “Significant Issues Impacting the Agency” on page 848 of the *Budget Statements*. About two years ago the department put an advertisement in the newspaper encouraging investors to submit to the provision of conglomerated agencies in various towns, including Port Hedland and Broome, but in particular I am aware that Mandurah was to accommodate a lot of different government departments in one building. The proponents put forward a submission and were told there was a deadline for its closure. Notwithstanding that, there was some delay with some other submission in another place, and at this stage—two years and on—there has been no finalisation of this particular project. The

proponent has a key tenant—the Bendigo Bank—to take up the bottom floor of this high-rise building that was proposed to be built off the back of having 60 per cent of the tenancy from various government departments. I know the minister is trying to control the various government agencies that are scattered all over the town site—Mandurah is a classic example—and I am just wondering where that particular project is at?

**Mr D.C. NALDER:** I will refer this to Mr Sullivan.

**Mr W.R. Sullivan:** The arrangements in Mandurah have been examined in the context of looking for improved value for government. Eight of the government agencies based in Mandurah have about 124 staff, and that is expected to grow. It is certainly noted that Mandurah has historically had a lack of private demand for commercial office buildings, so there is limited supply. Six of the agencies located in premises in Mandurah at the moment—based on the information that we have—are at capacity and either have significant building or maintenance issues or are not suitable for refitting to accommodate additional staff, and many of the agencies have been seeking alternative accommodation for a number of years but due to the stagnant office market have not been able to secure alternative accommodation. At this point, we are still looking at potential options on how we can consolidate those agencies. All I can say is that at this point, it is a work in progress; we have not advanced that further.

[9.50 pm]

**Mr M.J. COWPER:** My understanding is that this project was advertised, encouraging private investors to put forward a proposal to accommodate government offices. The problem now is that because of the delay, for whatever reason—I do not know the reason—we have had this thing roll over for two years. No-one will respond to the department's requests for investment, because at this point in time they have been left hanging on the line for two years. I am wondering whether the department could expedite this, have a look at it or revisit it, and do something with it, because there are some pretty irate people around the place.

**Mr D.C. NALDER:** I am prepared to investigate it further, but we need to ensure that a budget is allocated to enable that to be completed.

**Mr M.J. COWPER:** I will dig out what paperwork I have on it and what I have written to the previous ministers, and I will supply that to the minister.

**Mr M.P. MURRAY:** I refer to page 849 and the outcome “Due and payable revenue is collected and eligible grants, subsidies and rebates are paid”. A statement was made by the federal government recently that there will be cutbacks in payments to the state. What impact will that have on concessions, such as those for seniors?

**Mr D.C. NALDER:** I will pass that to the director general, but my understanding is that it will not have any impact on what we are doing at this point in time. But I will confirm that through the director general.

**Ms A. Nolan:** The state government provides subsidies for pensioners and some concession card holders, and that concession card-holdership is defined by the federal government on a means-testing arrangement. The state will continue to pay all concession card holders who are eligible. There is no change in the state's arrangements.

**Ms R. SAFFIOTI:** We understand that changes will be made to eligibility, and that will reduce the payments being administered by the department. Is that the minister's understanding from the federal budget announcement?

**Mr D.C. NALDER:** No, but I will pass again to Ms Nolan.

**Ms A. Nolan:** The land rates and the water rebates that we administer are determined according to the number of people who have concession cards, and if they are pension card holders or healthcare card holders, they will continue to receive the benefits. There will be no change in the arrangements from the state's perspective, as far as I am aware.

**Ms R. SAFFIOTI:** Sure, but I think the point that the Premier made today is that there is a belief that the eligibility will be tightened, so there will be fewer people with the relevant Seniors Card or healthcare card. Is that something that the minister is aware of, or has he not yet been informed by the commonwealth?

**Mr D.C. NALDER:** I would say that we have not yet been informed. Sorry; some information is coming to hand quickly. That reinforces that these changes are not expected to affect entitlements, as far as we are aware, so we will need to check with the Premier as to what he is referring to there. We are saying that there will be no effect on entitlements to concessions under the act during 2014–15, on the basis that the commonwealth budget changes are not scheduled to take effect from 1 July 2014. However, the commonwealth will cease payments to the states under the national partnership agreement on certain concessions for pensioner concession card holders and Seniors Card holders from 2014–15. The main impact on the state is a loss of commonwealth revenue to

assist in funding these concessions. Accordingly, there will be no change to the expense out-turn, but there will be less commonwealth funding to pay for it. It is a bit confusing.

**Ms R. SAFFIOTI:** Is the minister saying that he does not expect any changes in 2014–15, but he expects that there will be cuts next year, in 2015–16?

**Mr D.C. NALDER:** To try to clarify it, we will need to follow up with the federal government further, given that it announced its budget last week and we are not really aware of the details and the finer impacts that we will face on this issue. We will need to follow that up.

**Ms R. SAFFIOTI:** Could the minister provide further information by way of supplementary information?

**Mr D.C. NALDER:** Certainly.

**The CHAIRMAN:** Can the minister define what he will be providing, please?

**Mr D.C. NALDER:** We will be providing an understanding of the impact on seniors and concession card holders as a result of the federal budget.

*[Supplementary Information No A15.]*

**Ms R. SAFFIOTI:** I refer to page 858 and the heading “Significant Issues Impacting the Agency”. The first dot point under the subheading “Building Management and Works” states that BMW will deliver a significant capital work program in 2014–15. Can the minister give me an understanding of the new signage policy that BMW is administering in relation to the Bigger Picture program? Did the Department of the Premier and Cabinet have a role in determining the new signage policy?

**Mr D.C. NALDER:** Not that I am aware of, but I will pass to the person responsible from Building Management and Works to answer that specific question.

**Mr W.R. Sullivan:** My understanding is that it is a whole-of-government policy that is being directed through the Department of the Premier and Cabinet.

**Ms R. SAFFIOTI:** Is it the minister’s understanding that it is a policy developed by DPC and administered through the government media office?

**Mr W.R. Sullivan:** I am not clear on that, sorry.

**The CHAIRMAN:** The minister.

**Mr D.C. NALDER:** No, I would not say that it is necessarily that, but I will refer again to Mr Sullivan.

**Mr W.R. Sullivan:** I am not clear on where the policy was developed. All I am saying is that we basically have a whole-of-government signage policy that we are required to follow in relation to signage on capital works projects that we are involved in.

**Ms R. SAFFIOTI:** When did this new policy come into place?

**Mr W.R. Sullivan:** I could not give the member that information at the moment.

**Mr D.C. NALDER:** We will take that on notice as a supplementary question.

**The CHAIRMAN:** Can the minister define what he is committing to provide as supplementary information?

**Mr D.C. NALDER:** We will provide advice as to the change, if any, to the policy regarding signage that Building Management and Works administers.

*[Supplementary Information No A16.]*

**The appropriation was recommended.**

*Committee adjourned at 9.57 pm*

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